

UNFC, UNRMS and the The End of Negative Externalities

Enabling a Resource as a Service
Approach through Blockchain and AI

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RESOURCE MANAGEMENT WEEK 2022

ENABLING SUSTAINABILITY PRINCIPLES IN RESOURCE



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Meet the essential needs of the world's poor: Core Purpose of the UN Resource Management System



- Clear from the outset in late 2015 that the delivery of the 17 SDGs depended critically on a step change both in the way in which natural resources are managed but also the core purpose for undertaking such management.
- This purpose is grounded in giving primacy to the Brundtland (1987) “concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given”.
- With the adoption of Circular Economy principles, the step change required is in effect a system reset. The uptake of Blockchain (Distributed Ledger) and Machine Learning/ AI technologies makes this possible and the enabling technology reset is already under way, to scale.
- The proposed vehicle for effecting the step change is the UN Resource Management System (UNRMS), which itself is built on the UN Framework Classification (UNFC) of resources. Both tools are referenced in Recommendation 15 of the UN Extractives Policy Brief.
- RMS is designed to meet key objectives of the Policy Brief “block by block” starting with eliminating the range of negative externalities listed in it. RMS will leverage the blockchain/AI reset, using readily available, open-source tools and scalable hosting platforms.



**Transforming Extractive
Industries for Sustainable
Development**

MAY 2021

The End of Negative Externalities is the Necessary Transformative Agent for Sustainable Management of Essential Resources, but only Sufficient when fully Integrated with Environmental, Social and Governance Performance Standards

What sets UNFC and UNRMS apart from other resource management systems



Eliminating negative externalities: The key to successful delivery of the Extractives Policy Brief and of UNRMS



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- “As demand for the metals needed for renewable energy grows [...] so too does the need to ensure that negative environmental and health impacts are avoided, while human rights and an equitable sharing of benefits are guaranteed.
- Global capital markets which finance extractive investments, including in low and middle-income countries, are increasingly demanding adherence to high ESG standards.¹
- This has significant ramifications for the industry, as large private sector investments in the extractive industries are still needed and cannot come from governments alone.”

United Nations, **Transforming Extractive Industries for Sustainable Development**, MAY 2021

- The necessary and sufficient conditions for delivering to the population of the planet the resources necessary for meeting their essential needs in a sustainable manner, irrespective of capacity to pay, are only met when Economic, Environmental, Social and Governance conditions for success are met in a balanced, holistic and indivisible manner.

1. Institute for Sustainable Futures (2019). Responsible Minerals Sourcing for Renewable Energy. Available at www.earthworks.org/cms/assets/uploads/2019/04/MCEC_UTS_Report_lowres-1.pdf.

Needy consumer, not customer with money, has primacy



- RMS has set its baseline sustainable development objective of meeting the “essential needs of the world’s poor” as providing access to and security of supply of resources critical to life as the basis of meeting 3 SDGs, Zero hunger, (SDG2), Clean water and sanitation (SDG6), and Affordable and Clean Energy (SDG7), but with the added attribute “irrespective of capacity to pay”.
- The correlation between negative externalities and two hundred+ years of commoditised resource management is a fundamental reason why the a) the poor are so disadvantaged in gaining access to critical resources, notably the FEW and b) why there is a global crisis of stakeholder confidence in extractive industries .
- In adopting this baseline RMS concludes:
 - Access to such resources is a right not a market transaction, a right to be enshrined in the UN Social Resource Contract
 - That the Social Resource Contract gives primacy to meeting the essential needs of the consumer, not the customer, although recognising that the more people are lifted out of poverty the more they can play both roles
 - That resources critical to life must be classed as Public Good.
- Respecting the consumer focus as key stakeholder, the Social Resource Contract ensures that the consumer derives equitable benefit from resource provision as a service, irrespective of capacity to pay. Hence under the Social Resource Contract Resources are classed as services, or non-fungible tokens – Resources as a Service (RaaS)

Thank you!

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